

The Impact of Job Satisfaction on Employee Performance in Pharmaceutical Industry of Pakistan

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***Abstract-**In the present turbulent environment of pharmaceuticals in Pakistan, employee performance and job satisfaction has gain great importance. This study is descriptive in nature and consists of a sample of 120 employees (middle level managers). Job satisfaction (dependent variable) and employee performance (independent variable) are measured on five point Likert scale. Employee's performance is operationalized as working condition, relationship with supervisor and job uncertainty. Regression analysis OLS is used to test the hypotheses and concluded that job uncertainty is a main area of concern for employees of pharmaceutical industry. It is also mentioned that improve workings conditions determines the higher level of job satisfaction and greater job performance.*

***Keywords:** Job satisfaction, employee performance, working condition, job uncertainty, pharmaceutical*

Introduction

Job satisfaction shows that how much an individual is associated with his or her job in the organization. Human resource is an important asset and key source for organizational development. But if employees are not satisfied then they might be a cause of big loss for organization so that managing human resource is a big dilemma for organizations (Ellickson &Logsdon, 2002). Management always tries to satisfy their workforce. Higher satisfaction level of employees' satisfaction leads to higher return to the organization. There are different factors which affect satisfaction level of

employees. Some of the important factors related to satisfaction level of an employee are working conditions, supervisory relationship and job security (Nguyen, Taylor & Bradley, 2003). A lot of research work has been done on this specific phenomenon but there is still a gap to find out facets of job satisfaction i.e. working condition, relationship with supervisor, and job uncertainty and its impact on employee performance. So, the purpose of this research is to fill the research gap and to answer the question regarding the impact of job satisfaction on employee performance. This study aims to find out the impact of the above stated factors on satisfaction level of employees.

Literature Review

Job Satisfaction

Khan, Nawaz, Aleem & Hamed (2012) conducted research on the reasons of employee satisfaction in the organization. Their study shows that job satisfaction and dissatisfaction not only depend on the nature of the job but satisfaction is highly correlated with the expectations that what the job supply to an employee. According to Al-Hussami (2008) the nature of the job is not responsible for the satisfaction and dissatisfaction of an individual. But the individual's expectations associated with the job highly depend. Further, Mulinge & Mullier (1998) describe that intrinsic and extrinsic reward, social benefits to employees and on merit promotion in job will increase the job satisfaction. Fisher, Locke & Henne (1992) define that the term job satisfaction is multifarious experience in nature which highly depend on different factors i.e. relax working conditions, handsome salary, good relationship with supervisors etc.

Spector (1997) described that the people of an organizations are satisfied when they like their work and know their roles and responsibilities in the organization. Furthermore, it is added that job satisfaction is an affective or expressive reaction towards a variety of features of an employee's work. Okpara (2004) described that a person is highly satisfied in an organization

when the pay, promotion and relationship with supervisor are positive. Out of these facets pay is an important factor which highly satisfies employees. Additionally, Sokoya (2000) also conducted the research on employee performance in the public sector organizations and concluded that income is a major factor which satisfies employees.

Job Uncertainty

Kabir &Pervin (2011) conducted research on the causes which affect job satisfaction of pharmaceutical sector. Primary as well the secondary data were used; open ended interviews were designed to collect data. The variables included to study employee satisfaction are supervision, salary and job security. Out of these variables job security highly affect the satisfaction level of the employees. Jain, Jabin, Mishra &Gupta (2007) conduct the research on job satisfaction as connected to the organizational environment and work-related anxiety. Results show that organizational climate has high impact on employee satisfaction.

Employee dissatisfaction highly depends on the insecurity of job amongst the employees. Guest (2004) stated that individuals working in an organization become reluctant toward their work when they feel insecurity of their jobs. Low job security, low wages and lack of promotion are the leading factors of employee dissatisfaction in the organization. Abegglen (1958) found through the study of Japanese workers that lifetime employment and seniority system, job security leads to high satisfaction in the organization. Further, Bolt (1983), Mooney (1984), and Rosow & Zager (1985) also concluded that job performance is highly dependent on job security.

Iverson (1996) conducted a study on 20 pharmaceutical companies in Japan and the results show that job security is the leading factor which motivates the employees toward work. MorrisLydka, & O'Creevy (1993) concluded

that job performance and organizational commitment is negatively correlated with job insecurity. Judge *et al.* (1998) study the factors which are responsible for job satisfaction in organization. Results show that organizational social behavior, motivation and job involvement are positively correlated and increases the employee performance. On the other hand, job insecurity, absenteeism and work stress leads to dissatisfaction in organizations.

Working Conditions

Khan, Mariyym, Pasha & Hasnain (2011) conduct research on the impact of organization culture on job satisfaction of employees using a sample size of 150 employees. Variables included in the study are organizational culture (communication between supervisors and employee, rules and policies, supervisors support, reward and benefits) and job satisfaction (pay, supervisor, co-workers, and promotion). Results of the study show that factors of organization culture and working conditions have positive impact on the satisfaction level of employees.

Cranny *et al.* (1992) describe a number of factors which are responsible for employee satisfaction including; salary, promotion and relax working condition which includes proper time table for each employees, holidays and bonuses. The results show that these factors have positive and significant relationship with employee's satisfaction.

Ali & Akhtar (1999) explore the factors which increase the employee performance in organizations and their results show that healthy organizational climate in favor of employees positively affect the performance of the employees and increase the level of employees satisfaction.

Relationship with Supervisor

Aydin & Ceylan (2009) conduct a study on employees' satisfaction in terms of organizational culture and spiritual leadership. The factors which they focused are organizational culture and spiritual leadership. They take a sample of 578 employees from the metal industry. Results show that employee satisfaction is positively associated with organizational culture and spiritual leadership. Mulky (2011) explored the factors which affect the performance of salespersons of pharmaceutical companies in India. Survey results show that the relationship of supervisors with salesperson is positively associated with job satisfaction and increases their performance.

Supervisor's support to employees is very important but it should be immediate support in favor of employees which has positive impact on their performance (Griffin, Patterson & West, 2001). In today's dynamic environment the gain and loss of an organization highly depend on efficient leadership. Effective leadership includes increasing employee's performance to higher standard, raising employee's vision to higher sight and building their personalities (Drucker, 1985).

According to Chakrabarty, Oubre, & Brown (2008) supervisor should apply such techniques through which the employees can easily understand the working requirements and how the job should be done. Politis (2001) has examined the roles played by leadership in the process of knowledge acquisition and a survey was carried out on 227 persons who have been engaged in knowledge acquisition activities to examine the relationship between leadership styles and knowledge acquisition attributes. The results showed that leadership styles that involve human interaction and encourage participative decision-making are positively related to the skills of knowledge acquisition.

Theoretical Framework of the Study

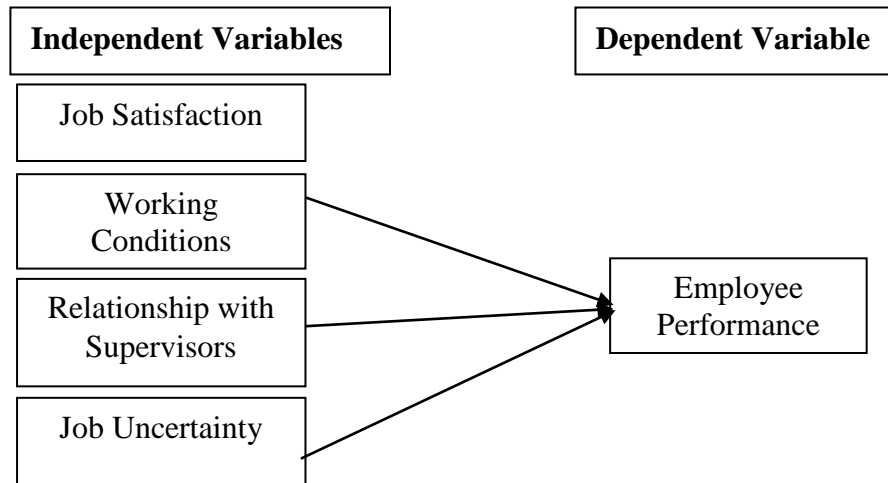


Figure 1

Schematic diagram showing the relationship of variables

Research Hypotheses

H_1 : Job Satisfaction has positive and Significant Relationship with Employee Performance

H_{1a} : Working Condition has positive and significant relationship with Employee Performance

H_{1b} : Relationship with supervisor has positive and significant relationship with Employee Performance

H_{1c} : Job Uncertainty has positive and significant Relationship with Employee Performance

Methodology

This study is causal in nature. To empirically test the hypotheses of this study primary data is used. Primary data are collected through structured questionnaires. Data from middle level managers and medical representatives of pharmaceutical companies of Islamabad are collected. Population comprises of all the middle level managers and medical representatives of pharmaceutical companies of Islamabad. Non-probability based convenience sampling technique is used in this study. Based on the

number of pharmaceutical companies in Islamabad, a sample of 120 people is selected for data collection. There are around 12 medium and large scale pharmaceutical companies in Islamabad therefore the selected sample is reasonable for the study. A previously validated research instrument from Kabir & Parvin (2011) was used for data collection. To empirically test the hypotheses descriptive statistics, Ordinary Least Square Regression (OLS), and other statistical models are applied using SPSS.

Findings

Table 1 *Descriptive Statistics*

	Mean	Std. Deviation	N
Employee Performance	3.9211	.24101	120
Relation with supervisor	3.6424	.37802	120
Working condition	3.8745	.42573	120
Job uncertainty	3.701	.44127	120

Table 2 *Model Summary^b*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.835 ^a	.697	.690	.27950	1.56

a. Predictors: (Constant), Relation with Supervisor, Working Conditions, Job Uncertainty

b. Dependent Variable: Employee Performance

Table 3 *ANOVA^b Results*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.882	4	6.961	89.100	.000 ^a
	Residual	9.062	116	.078		
	Total	29.944	119			

a. Predictors: (Constant), Relation with Supervisor, Working Conditions, Job Uncertainty

b. Dependent Variable: Employee Performance

Table 4 Regression Coefficients^a

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.284	.258		1.098	.274
	Working conditions	.233	.052	.232	4.501	.000
	Job uncertainty	-.073	.058	-.071	-1.268	.208
	Relation with supervisor	.754	.054	.799	14.052	.000

a. Dependent Variable: Employee performance

The R value is 0.835 which represents the simple correlation and therefore indicate the degree of correlation. The R² value indicates variability of dependent variable explained by independent variables. R² value is 0.698 which specify that employee satisfaction significantly contributes toward employee performance. The model applied is significantly good enough in predicting the outcome variable as F = 89.10 and F Sig. < 0.01. By looking at the Bcolumn under the un-standardized coefficients column the regression equation is presented as:

$$EP = 0.284 + 0.233(WC) - 0.73(JU) + 0.754(RWS) + \epsilon_i$$

Where EP is employee performance, WC is working conditions, JU is job uncertainty, RWS is relation with supervisor and ϵ_i is the error term.

The regression coefficients of independent variables along with their t-values and p-values are presented in coefficient table. Relation with supervisor and working condition both positively effecting employees performance. For both the t-values are statistically significant at p<0.01. On the other hand, job uncertainty negatively effects employee performance but its value is statistically insignificant. The results of this study validate the findings of previous researchers in this area. Like the findings of Cranny *et al.* (1992),

Ali & Akhtar (1999) and Khan *et al.* (2012) this study also confirms that working conditions significantly affect employees' performance. Similarly, this study validates the findings of Politis (2001), Aydin & Ceylan (2009), Mulky (2011) and Griffin *et al.* (2011) that good relation with supervisor significantly improves employee's performance. But result for job uncertainty, although negatively related to employee performance, is statistically insignificant. Therefore this study is unable to validate the previous studies like Morris Lydka, & O'Creevy (1993), Judge *et al.* (1998), Gest (2004) and Kabir &Pervin (2011). This may possibly be associated with relatively more job opportunities available in Islamabad. Job uncertainty may not a major issue for employees where job opportunities are more.

Conclusion

Based on the findings of this it is concluded that better working conditions and good supervisor relation with employees can significantly improve employees' performance in the pharmaceutical industry of Pakistan. Although the sample is only limited to the employees of pharmaceutical companies of Islamabad but the findings can be generalized to other cities of Pakistan. Job uncertainty though negatively affecting employee's performance but its value is not statistically significant. This study is limited in nature and therefore more in depth investigation is required. Future studies can focus on larger sample size as well as other factors like work-family life balance, relation with fellow workers, flexible working hours etc. can be incorporated.

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